DOCUMENT RESUME

ED 224 266 EC 150 653

AUTHOR	Weintraub, Frederick J.; Higgins, Scottie
TITLE	Planning State Fiscal Policies to Meet Local Needs. Special Education in America: Its Legal and Governmental Foundations Series.
INSTITUTION	ERIC Clearinghouse on Handicapped and Gifted Children, Reston Va.
SPONS AGENCY	National Inst. of Education (ED), Washington, DC.
PUB DATE	82
CONTRACT	400-81-0031
NOTE	32p.; For related documents, see EC 150 651-652.
AVAILABLE FROM	The Council for Exceptional Children, Publication Sales, 1920 Association Dr., Reston, VA 22091 (Publication No. 255, $4.00).
PUB TYPE	Information Analyses - ERIC Information Analysis Products (071) -- Branch Around (888)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Costs; Decision Making; *Disabilities; *Educational Finance; *Educational Policy; Elementary Secondary Education; *Financial Policy; State Government; *State School District Relationship; *Statewide Planning

ABSTRACT

Part of a series on the legal and governmental foundations governing education of handicapped and gifted children, the document explores the local variables that uniquely affect the cost of educating handicapped children and which thereby should be considered when developing state special education fiscal policies. An initial section outlines three phases (the benefactor role, programmatic role, and facilitator role) in the development of public policy and fiscal responses; and reviews critical factors to be considered in decision making, including the fiscal resources from which education can be supported, the needs of the population, and distribution factors. Practical examples of how local variables within eight factors influence state special education fiscal policies are described. The eight factors addressed are: population characteristics (population size, density, increasing/decreasing enrollment, eligibility criteria, interagency shifts, magnet effect); individual education needs (procedural protection, intensity of services, duration, multiple agency criteria); service delivery systems (program services, service providers, private insurers); governance structures (type of governance units, responsibility vs. authority, special education and the school budget); system costs (geographic location, price level variations, contract negotiations, resources); resources revenue-generating wealth, tax-levying authority, availability of community resources, private services, personnel resources); timing and predictability (dollar flow, fiscal stability, contingency capability); and accountability (state education agency responsibilities, local education agency responsibilities). The document concludes with a brief outline of basic principles influencing the cost of special education and related services. (SW)

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

ED224266

Frederick J. Weintraub
Scottie Higgins

SPECIAL EDUCATION IN AMERICA ITS LEGAL AND GOVERNMENTAL FOUNDATIONS SERIES

PLANNING STATE FISCAL POLICIES TO MEET LOCAL NEEDS

A product of the ERIC Clearinghouse on Handicapped and Gifted Children

The Council for Exceptional Children

EC150653

Frederick J. Weintraub is Assistant Executive Director in the Department of Governmental Relations, The Council for Exceptional Children, Reston, Virginia.

Scottie Higgins was Assistant Director, Policy Research Center, in the Department of Governmental Relations, The Council for Exceptional Children, Reston, Virginia.

A publication of the ERIC Clearinghouse on Handicapped and Gifted Children. Publication Date, 1982.

The Council for Exceptional Children, 1920 Association Drive, Reston, Virginia 22091

The material in this publication was prepared pursuant to contract no. 400-81-0031 with the National Institute of Education, U.S. Department of Education. Contractors undertaking such projects under Government sponsorship are encouraged to express freely their judgment in professional and technical matters. Prior to publication, the manuscript was critically reviewed for determination of professional quality. Points of view or opinions, however, do not necessarily represent the official view or opinions of either the clearinghouse's parent organization or the National Institute of Education.

Cover design by Angie Culfogienis

ABOUT THE SERIES

The past two decades have brought about dramatic changes in the fundamental policies governing special education. Terms that today glibly roll from our tongues, such as the right to education, IEP, due process, nondiscriminatory assessment, zero reject, and least restrictive environment, were not a part of our lexicon only a decade ago. Today it is not sufficient to simply know how to teach in order to be a teacher; to know how to manage in order to be an administrator; or to know how to care in order to be a parent. Today, and in the future before us, all persons involved in special education must be fully knowledgeable of the legal and governmental foundations governing education of handicapped and gifted children. It is to this purpose that this series is devoted.

It is natural that The Council for Exceptional Children undertake this series due to its role as the authority and resource educators look to for guidance in providing an appropriate education for their handicapped and gifted students. CEC has been a dominant force in translating the fundamental precepts of special education into policies that provide basic protections for exceptional children and their families. In fact, the policy research activities of CEC have provided the models upon which many federal, state and provincial, and local policies have been formulated and evaluated. CEC's activities at all levels of government have been a major force in the adoption, implementation, and enforcement of progressive public policy. And finally, through its publications, training materials, conventions, workshops, technical assistance, and other services, CEC has been a major resource whereby policy makers and utilizers understand policy and translate it into action.

This series represents a next step in the evolution of CEC's public policy publications. The flagship text for the series, Special Education in America: Its Legal and Governmental Foundations, edited by Joseph Ballard, Bruce Ramirez, and Frederick Weintraub, provides the basic knowledge that every general and special educator and parent of an exceptional child should have. The text is designed for use in professional training programs as well as a basic information resource for practitioners and parents. It is not a book written for lawyers—the editors have tried to follow the old axiom, "keep it simple," to assure a style that is understandable to the general public. Chapter authors were selected because of their extensive knowledge of the subject and their ability to communicate this knowledge in understandable terms. The supplemental works of the series, published as ERIC Exceptional Child Education Reports, provide more intensive information in specific subject areas, but do not repeat the basic information contained in the primary text. For example, the reader whose primary interest is in early childhood special education policy issues would first want to obtain a knowledge base in special education policy by reading Special Education in America: Its Legal and Governmental Foundations, and then turn to Policy Considerations Related to Early Childhood Special Education, by Dr. Barbara J. Smith, for a thorough treatment of this specific policy area.

Some may ask, "Why publish a special education public policy series when so many proposals for change are being promoted?" Public Policy is dynamic and, thus, is always in a state of change. However, the fundamental policy principles tend to evolve over time on a steady course, while the more detailed requirements tend to shift with the political and economic winds. Therefore, the primary text of the series serves as a basic work that will have reasonable longevity, while the more detailed supplemental publications, such as this one, will have a shorter life span and will be updated accordingly. Further, we believe that in a period in which change is being discussed, it is imperative that persons affected by such changes understand the nature and evolution of present policies so that they can better assess and contribute to the changes being proposed.

Frederick J. Weintraub

TABLE OF CONTENTS

	PAGE
Introduction	1
Shifting Focus in State Special Education and Finance Systems	1
The Three Phases of Public Policy and the Fiscal Responses	2
A Selected Review of Critical Factors	6
Policy Factors and Variables Influencing State Special Education Fiscal Policies	10
Policy Factor 1: Population Characteristics	10
Policy Factor 2: Individual Educational Needs	11
Policy Factor 3: Service Delivery Systems	13
Policy Factor 4: Governance Structures	16
Policy Factor 5: System Costs	17
Policy Factor 6: Resources	19
Policy Factor 7: Timing and Predictability	20
Policy Factor 8: Accountability	22
Summary Observations	22
Basic Principles Influencing the Cost of Special Education and Related Services	23
References	25

INTRODUCTION

While numerous issues are yet to be explored regarding the financing of special education questions, one question that has had practically no attention in research or in policy is, What local variables uniquely affect the cost of educating handicapped children and thereby should be considered when developing state special education fiscal policies?

Handicapped children require special education and related services of different intensity and duration to meet their unique educational needs. To meet such an obligation, a state finance system reflecting local cost and program variables is essential. This report attempts to identify and describe policy factors that should be considered in establishing a comprehensive system of resource allocation for special education.

SHIFTING FOCUS IN STATE SPECIAL EDUCATION AND FINANCE SYSTEMS

Throughout the past two decades, educators, parents, policy makers, and handicapped individuals have witnessed an expansion of educational programs and services for handicapped children. What started at the turn of the century as a "charity movement" culminated in the mid-1970's with a policy base assuring that all handicapped children have available to them a free appropriate public education which includes special education and related services to meet their unique educational needs.

With the passage of P.L. 94-142, The Education for All Handicapped Children Act, in November 1975, Congress assured that the educational rights of handicapped children and their parents would be protected. As Ballard (1978) maintains, this act has four major purposes:

- To guarantee the availabilty of special education programming to handicapped children and youth who require it.
- To assure fairness and appropriateness in decision making about providing special education to handicapped children and youth.
- To establish clear management and auditing requirements and procedures regarding special education at all levels of government.
- To assist financially the efforts of state and local governments through the use of federal funds.

P.L. 94-142 also reaffirmed the positive efforts of state legislatures and the courts on behalf of handicapped children by establishing a national special education policy base upon which states and local school districts could continue to formulate effective policies to

govern the education of handicapped children. Since all states had special education policies predating P.L. 94-142, state policy makers have had to reexamine and revise their policies so that a consistent and functional delivery system, reflecting federal and state policies, could be developed. Because of the nature of P.L. 94-142, most federal and state attention has been given to procedural and programmatic policies, with less attention to evaluating the relationship of such policies to the state's special education fiscal policies.

As a basic policy assumption, the purpose of any fiscal support system is the provision of sufficient resources in a manner that achieves the desired purposes of the system. That holds true in designing a responsive special education fiscal system. A special education fiscal system must be based on relevant local fiscal realities that enable state policy makers to provide for the highly specific and varied service requirements of handicapped children. Due to individual educational needs, handicapped children require services of different intensity and duration. Consequently, state special education fiscal policies must include non-traditional local variables in order to provide the level and manner of fiscal response that will meet the individual educational needs of the persons for whom the policies are intended.

The Three Phases of Public Policy and the Fiscal Responses

In order to examine local variables for consideration in developing state special education fiscal policies so that appropriate special education and related services can be provided to handicapped children, it is important to review the shifts in the role of states and localities in the provision of special education. A better understanding of the policy requirements, coupled with a review of how elements of a fiscal system respond to those mandates, will identify a shift in policy emphasis for the provision of special education and related services.

From a policy perspective, one might characterize the evolution of the provision of special education in three phases. The following review of these three phases traces this evolution in an attempt to identify the policy shifts and their relationship to state finance systems.

Phase 1: The Benefactor Role. The first phase of policy development may be characterized as one in which the state played the role of benefactor. Historically, public education for handicapped children was perceived by many as a charitable activity of state government. Charity does not imply responsibility; too frequently the state did not formally commit or guarantee the resources. Traditionally, handicapped children were educated by the public schools when sufficient pressure forced them to serve certain children or when there were enlightened leadership and sufficient resources to do so. The provision of services was random; the policy base was established as permissive rather than mandatory. This

established a discrepancy of services for handicapped students; there was great variance in fiscal planning and management across states.

This era clearly marked the role of permissive programming for handicapped children. Little existed in procedural requirements, program standards, or state enforcement. In order to assist special education fiscally, states provided some financial incentives to allow school districts to serve some handicapped children. However, reviews of fiscal commitments in the early 1960's indicate that few dollars were available to serve a small number of children.

Concurrent with this first phase of state fiscal and programmatic activity, it is possible to trace the historical evolution of increased services to handicapped children. Increasingly, parents and professionals were joining efforts to lobby local and state authorities effectively to move from a permissive policy posture to a posture of mandating changes in the provision of services. This movement led to a second phase, with another policy role for the states.

Phase 2: The Programmatic Role. This phase marked an emergence of the states as a driving force in "buying" or mandating change as it related to the provision of services to handicapped students. In response to increased pressure from parent and advocacy groups, many state legislatures passed laws that either mandated or fiscally assisted special education for many categories of handicapped children through the public schools.

States often established program standards for each disability. These standards defined the eligible population, methods of evaluation, curriculum, organization patterns, class size, teacher qualification, etc. Each disability program had its own policy base and fiscal support level; a relative consistency existed across the states. Eligible children were given the opportunity to enter the program. Services expanded to the degree that the state was able to purchase or enforce program development at the local level. Fiscal systems were designed to control state initiatives regarding the purchase of services for handicapped children. New administrative alternatives, known as intermediate education agencies, were organized to provide services when an adequate local population base was not available. While state legislatures increased appropriations at the state level, fiscal systems were designed so that specific dollars were keyed for specific programs.

During this phase of policy development, there was some stimulation of local effort to finance education for handicapped students. Yet local efforts were constrained under the leadership, or direction, of the states, which would set the criteria for what, how much, and when change in the provision of educational services to handicapped children should occur. Additional impetus was provided in this area by increased federal support of special education efforts during the late 1960's and into the 1970's. New federal dollars were flowing to the states to be

given to locals on a grant basis, reinforcing the programmatic role of the state. Many school districts found that the operation of special education programs, with financial assistance provided by state legislatures, not only permitted the provision of services for handicapped children but also helped improve services for the school population as a whole (Reynolds & Birch, 1977).

As a result, the state fiscal role increased steadily. By 1971, all states had some legal provisions for state aid to local school district services to handicapped children beyond general school aid. Wilken and Porter (1976) notes, however, that the increase in state aid for special education in the early 1970's was far short of meeting the unserved needs of handicapped children. Major shortcomings of the programmatic approach were its failure to build responsibility at the local level and its focus on disability-based programming rather than individualized programs.

Transition. Recognizing policy limitations with regard to education of handicapped students, pressure was increased on state legislatures to expand the mandates of educational services to each handicapped child. In 1972, the state legislatures in Massachusetts and Tennessee set forth as state policy comprehensive public policy mandates for handicapped children. At the same time, the courts were issuing similar mandates that called for a policy shift from programmatic services for some handicapped students to the right of all handicapped children to an appropriate education. The landmark *Pennsylvania Association for Retarded Children v. Commonwealth of Pennsylvania* case marked the beginning of the courts' role in establishing this policy base for all handicapped students.

This period culminated in 1975 with the passage of P.L. 94-142, establishing a minimum policy base for each state. The impact of these policy events can be characterized as the third phase of policy change for the states.

Phase 3: The Facilitator Role. Clearly, in an attempt to meet the increased public policy mandates, the role of the state is shifting from purchaser of programmatic change to facilitator of change. This shift in the state's role occurred as the concept of special education became an established right of all handicapped children. New demands are being placed on the states. While responsibility to assure the provision of appropriate services to each handicapped child remains with the state, the local school districts have become the vehicle for determining a child's educational program. The state's primary role is one of establishing and enforcing criteria to deliver special education and related services. The onus of service delivery falls directly on the localities to assure that the policy mandates are fully implemented for each handicapped child.

State special education fiscal policies should reflect the shift in emphasis from providing services along program lines to the evolving practice of financially assisting local school districts to deliver an appropriate education to all handicapped children. While levels of state

support have generally increased, the nature of this support still reflects the second programmatic phase and does not parallel the present phase of special education policy. Thus, the delivery system, in many instances, is caught between requirements of appropriate, individually designed special education and related services, and fiscal systems based upon state program structures.

The evolution of special education funding systems at the state level needs to parallel the changes in development and delivery of services to handicapped children. Throughout the past decade, federal and state policies for the appropriate education for handicapped students have been rapidly evolving and expanding, yet state fiscal systems have been unable to parallel this growth.

The following factors have contributed to the disjunction between special policy and state financial support systems.

1. Federal and state special education policy expansion during the 1970's was a response to judicial decisions and was undertaken irrespective of the nature or level of fiscal support that would be required. The principle that special education was a right and not conditioned by the availability of fiscal resources was established in *Mills* v. *Board of Education of the District of Columbia*. Jones (1982) reviewed *Mills* and other decisions pertaining to education of the handicapped and concluded:

   In summary, several decisions concerning the education of handicapped children have discussed the argument that funds are not available to provide the education sought for the handicapped child. Generally, this argument has not been accepted and courts have followed the reasoning of *Mills, supra*, where the District of Columbia district court found that the defendant's failure to fulfill certain duties to handicapped children "cannot be excused by the claim that there are insufficient funds." At 876. In addition, the court in *Mills* also noted that if sufficient funds are not available to finance all of the desirable services, the available funds must be expended equitably. This language in *Mills* concerning the equitable distribution of funds has also been cited with approval and several cases have expanded upon this observing that questions of resource allocation should be left to the states where possible.

2. During the 1970's, new processes and programs for the delivery of special education emerged; however, they were not expressed in models from which financial support systems could be developed. More recently, models that will greatly assist the designing of fiscal systems that mesh with program options have emerged. The works of Hartman (1980, 1981) and Wilken and Porter (1976) are particularly instructive in this regard.

3. Historically there has been a lack of accurate data concerning the costs of special education services. Most research concerning special education finance has focused on state funding systems or measured gross school budget allocations for special education. More recently, there have been breakthroughs; new research literature on the cost of special education is emerging. Most notable is the Rand Corporation study (Kakalik, Furry, Thomas, & Carney, 1981). The Rand study is helpful in better understanding the types of school resources consumed by handicapped children, variation in cost among different service models, and variation in costs by disability and severity of handicap. Kakalik notes that disability alone is not a sufficient factor upon which to build a finance system.

4. Special education finance is highly impacted by general education finance and financial support for other specialized educational programs. As Kakalik et al. (1981) and Hartman (1981) clearly demonstrate, special education finance presumes a stable base of general education finance. Any shift in the nature or sufficiency of the base will impact on the adequacy of the fiscal support for special education.

5. The special educational resources required by exceptional children will vary greatly, depending on the unique educational needs of each exceptional child. Therefore, special education is a system whose resourse needs are in constant fluctuation, since the needs of the children are fluid. Thus, systems of financial support based on national, state, or even district averages will have a questionable validity in relation to the actual cost of delivering services to the children.

Analysis of the policy conflicts between programmatic mandates and the statewide fiscal systems response indicates the need for change. Phase 3 public policy mandates require states to consider unique local variables affecting special education in order to assure a level of state fiscal support that will enable LEA's to meet the unique educational needs of a handicapped child. Those local variables are explored in this report.

A Selected Review of Critical Factors

A great deal of information exists in the literature relevant to school finance. However, examination of that literature indicates that little, if any, emphasis is placed on the unique local special education variables that policy and decision makers must consider to assure that state special education fiscal policies are designed to meet Phase 3 public policy mandates. The following limited findings begin to suggest variables for considerations.

The Concept of Equity. An underlying principle of education finance that has particular bearing on the financial structure of special education is the concept of equity (Burrello & Sage, 1979). Two factors must be recognized in the pursuit of equity:

1. The fiscal resources from which education can be supported.

2. The needs of any population of children.

These two factors, characterized as resources and needs, cannot be expected to be distributed evenly in any state educational system. Historically, however, unequal resources have been confronted more actively than unequal needs. Burrello and Sage (1979) suggest that the only way to treat children equally is to disperse funds unequally in order to meet children's unequal needs for differing objectives or outcomes. Complex factors that are often more political than economic have been responsible for the seemingly endless struggle for an acceptable equalization formula.

> The opposing political philosophies concerned with local autonomy versus centralization, working in interaction with factors of relative wealth and population to be educated, create a perennial tug of war over the issue of equity. (Burrello & Sage, 1979, p. 246)

School districts are not equal. State special education fiscal policies must reflect this phenomonen and be based on local variables. Inequity of resources, as well as the need to do something about it, has been acknowledged but not resolved. The inequity of need has only been partially confronted. Some recent equalization formulas have attempted to reflect that certain localities bear the burden of a disproportionate number of handicapped children. Similarly, the disproportionately high cost of specialized programming in sparsely populated areas is reflected. Thus, children with greater than average need have not received a fair share of the educational dollar. The National Legislative Conference Special Committee on School Finance pointed out:

> Equality does not mean equal treatment. The crucial value to be fostered by a system of public education is the opportunity to succeed, not the uniformity of success. While all are equal under the law, nature and other circumstances yield advantages to some, while handicapping others...Equal treatment of unequal does not produce equality...A concept of equal educational opportunity should reflect a sensitivity to the difference in costs and variations in need...(Education Commission of the States, 1972, p. x).

Brewer and Kakalik (1979) note that the particular phrase equal educational opportunity for handicapped children

> does not mean either equal resources or equal objectives for both handicapped and nonhandicapped children. In general, the educational resources and goals established for each handicapped child will be different and will be based on the child's needs and potential. (p. 42)

Distribution Factors. The design of special education fiscal policies must include those factors that allow for the implementation of services to handicapped children. Burrello and Sage (1979) suggest recognition of the following points as critical factors regarding any fiscal response to the variation in resources.

- Children with special needs, by definition, are a minority group existing as a small but significant portion of the whole population.

- The exact proportion will vary significantly from one subcategory of special need to another and from one location to another, without regard to local economic availability to provide support.

- The cost of educational services to meet these needs will be proportionally greater than the cost for children at large, based on an uncertain and varying ratio, utilizing:

  a. Geographic locale.
  b. Subcategory of special need.
  c. Particular patterns of service delivery employed. (p. 247)

The authors further suggest variance in size of population, location, economic support, and service delivery as considerations in a finance system.

Kakalik (1978) has suggested a framework for decision makers in structuring the flow of the various factors, from the needs of handicapped children through the distribution of available funds. These various stages are identified as:

- Determination of what characteristics are to be considered exceptional and what special services are needed by children with various sets of those characteristics.

- Determination of total size and geographic distribution of the handicapped children population and the amount and geographic distribution of various services needed by that population.

- Determination of which type of public or private educational and noneducational agency is to provide which services to handicapped children.

- Determination of the program arrangements educational agencies should make to provide the services for which they have responsibility.

- Determination of the resources needed to implement those programming arrangements.

- Determination of the total level of funding required to provide all necessary services.

- Determination of the method to be used to allocate funds to localities. (Kakalik, 1978, pp. 4-5)

Differing types of criteria on which to base special education finance decisions have been suggested by Bernstein, Hartman, & Marshall (1976). The authors note that the following criteria should be viewed as relative concepts:

- Adequacy of funding in relation to need in terms of quantity and quality of services.

- Equity of fund distribution.

- Anticipated effects of service delivery in regard to quality of life and future economic benefits.

- Comprehensiveness of services and programming in relation to need.

- Control and coordination of services.

- Compatibility.

- Efficiency. (Bernstein et al., 1976)

A review of the limited literature suggests that variability of needs and resources, coupled with traditionally nonfiscal considerations, forms the basis of a fiscal system responsive to Phase 3 policy mandates. While described by different terminology, many factors in the literature can be grouped in similar headings. For purposes of this policy options report, the following eight factors emerge as significant variables in developing special education fiscal policies responsive to the educational needs of handicapped children. These factors may be characteristically described as variations in:

1. Population--size, location, and nature of the population to be served.

2. Needs--special education and related services needs of the population.

3. Service delivery systems--program elements necessary to maintain and deliver needed services.

4. Governance structures--varying organizational systems having a role in delivery services.

5. System costs--cost elements consistent across the system uncontrolled by special education.

6. Resources--economic capability of governance structures to generate needed resources.

7. Timing and predictability.

8. Accountability.

POLICY FACTORS AND VARIABLES INFLUENCING STATE SPECIAL EDUCATION FISCAL POLICIES

Practical examples of how local variables within these eight factors influence state special education fiscal policies are described in order to elicit appropriate policy options and alternatives.

Policy Factor 1: Population Characteristics

School districts vary in the number and type of handicapped children needing special education. Population characteristics are those factors in a school district that influence the size and nature of the handicapped child population to be served.

Policy Development Variables

1.1 Population Size. The number of children requiring similar service needs will influence the per capita cost for meeting those needs. A school system with 20 children needing speech correction will have a higher per capita cost than a district with 40 such children. State funding systems are often based on averages presuming a certain population size. Under Phase 2 policies, districts with an insufficient number of children to trigger adequate state resources often refused to serve the children. Phase 3 policies require that the child be served regardless of the cost, thus requiring such districts to bear a greater proportion of per pupil cost than more populous districts.

1.2 Density. The density of the population to be served influences the types of services needed and the cost of providing the services. Transportation is a major cost in rural areas because of distances traveled. Transportation is also a major cost in urban areas where few miles are traveled but the time consumed is substantial. These and other density variables need to be accounted for in state funding systems.

1.3 Increasing or Decreasing Enrollment. The special education population is fluid. Children enter and leave special education, depending on their needs, not on calendars or funding cycles. There is an obligation to serve a child even if that child enters the system after cutoff dates for determining state aid. This is a significant fiscal problem in rapidly developing communities with a growing school enrollment. At the same time, decreases in population do not correlate directly to decreases in cost. The cost for supporting a class of eight severely retarded children will not be reduced significantly if the number of children is decreased to six. Funding systems based solely on the number of children place unique burdens on districts with fluctuating enrollment.

1.4 Eligibility Criteria. Although most states set fairly tight eligibility standards for special education programs, local variability is inevitable. Slight variations, particularly in the areas of more mild handicapping conditions, result in significant variation in the number of children to be served. Age is another variable of this factor. One district encourages handicapped youth to leave school by age 18, another encourages those who have not completed their education to stay until or beyond age 21. Both may be complying with state policies, but they incur significantly different expenses.

1.5 Interagency Shifts. Certain variables in the state or community outside the control of the local school district dramatically affect the size of the population to be served. Transferring the responsibility for educating handicapped children from an institution to a local school district will have a major fiscal impact on that district, not shared by other districts. For instance, a group home of 15 students opens with an expectation that the children will be served immediately. Most fiscal support systems do not provide sufficient contingency funds to account for sudden population surges.

1.6 Magnet Effect. There is a propensity for school districts with a reputation for exemplary services to attract a disproportionate number of handicapped children. This situation has been well documented for such districts adjacent to military bases because of the military's compassionate transfer program. Similarly, parents have moved from areas with little community services to districts with exemplary community services. The magnet effect has resulted in greater fiscal burdens for some districts because of the lack of services in other districts. Such districts are particularly penalized by state fiscal policies placing caps or ceilings on the number of children in a district that can be reimbursed for special education.

Policy Factor 2: Individual Educational Needs

Phase 3 policies require extensive child-find efforts, comprehensive evaluations, meetings with parents, and appropriate record keeping.

All these costs are incurred prior to placement. For districts with a shifting special education programming, these costs are significant. Often state fiscal support systems do not cover preplacement costs or account for variability between districts in this regard. For example, more highly educated parents become more involved in the evaluation and placement process, thus consuming greater staff time and increasing costs. Minority children need specialized evaluations and communications with the home that require unique resources. Rural districts may have to purchase highly specialized evaluative services while urban districts may have them readily available in the community.

Policy Development Variables

2.1 Procedural Protection. Phase 3 policies provide procedures for resolving conflicts between schools and parents over appropriate services needed by the child. Initial studies have found that the use of these procedures has been limited and costly. Further, these studies have shown that the procedures are more often used in some districts than in others. One district reported that it rarely brought a dispute with a parent to a hearing because state funding did not assist in such costs, but the state would support the service costs even if the district felt them inappropriate. The costs of procedural protection should be considered in a state fiscal system.

2.2 Intensity of Services. Under Phase 2 policies, state financial systems often provided support to local districts based on the disability classification of the child and the assumed presumptions of service level accompanying the disability. Thus, there was a higher support for emotionally disturbed children than for retarded children. Some states modified this approach by adding the variable of severity. Consequently, severely retarded children received greater financial support than mildly retarded children.

Another approach utilized by states was classifying children by service modes. Children in special classes received greater support than children in resource rooms. First, under these approaches, there were tendencies to classify children or place them in service modes with the higher level of support. Second, they did not account for the variability of the children's needs for related services beyond classroom instruction. Third, within each of these groupings, individual children varied greatly in the amount of service needed. For example, if two learning disabled children are in a resource room, one may require 2 hours of special instruction per week, while the other may require 12 hours. In a large district these variables may average out, but in a smaller district, they may result in financial disincentives to appropriate programming.

2.3 Duration. Handicapped children vary in the duration of the required special education and related services; the time of the year when it is

determined that they need or no longer need specific services also varies. Fiscal policies that do not consider such variables often force the district to keep children from needed services or keep them in services no longer needed just to satisfy state fiscal or program requirements.

2.4 Multiple Agency Criteria. Often the services that handicapped children need are provided by other agencies in the community. Special education has a long history of working cooperatively with agencies such as vocational rehabilitation, mental health, crippled childrens services, and public health. In addition to public-supported services, the private sector has often contributed. When service organizations have supported certain services, private insurers have often paid for medically related services. Despite the fact that Phase 3 policies encourage the continuation and expansion of such relationships, many services provided at no cost to the schools have been withdrawn or carry a charge. Since many of these other agency services are governed by state policy, the state could reverse such trends and assure effective utilization of community resources. Further, inconsistency of policies and procedures across agencies often makes the use of multiple agency resources impossible or results in duplication. For example, a child who has been determined retarded by one agency may not meet the criteria for retardation in another agency. One agency may not be able to accept evaluation reports from another because of the types of personnel conducting the evaluation, thus necessitating a second costly evaluation. Every roadblock to efficient utilization of community resources increases the service costs to the local schools.

Policy Factor 3: Service Delivery Systems

Local variables critical to the development of state fiscal policies for special education are intertwined with the service delivery system. Variations in service delivery arrangements significantly influence both special and general education finance policy reform. Variations in service delivery occur as a function of variations in population characteristics and pupil needs and often as a factor of existing resources as opposed to needed resources. For purposes of this report, service delivery is defined as a continuum of program alternatives consisting of multiple levels of service intensity, ranging from occasional intervention, such as indirect consultation for regular school personnel, to highly specific full-time special education instruction and related services. The service delivery system consists of those elements necessary to maintain and deliver needed services.

When analyzing any service delivery system, two major components with implications for the development of special education fiscal policies emerge. The first is the nature of the location and number of alternative services to be provided. The second component focuses directly on the service providers.

Policy Development Variables

3.1 Program Services. A variety of instructional and related service alternatives must be available in every education agency in order to meet the varied needs of handicapped children. Typically, wide variations among districts in both the number and type of programming arrangements are found. The need for multiple levels of service can be met in several ways, usually at differing costs. These variations in programs and services are often closely related to the structure of the funding system. The degree to which a particular program or service is available is generally a function of the level of funding available for that program. The opposite should occur. That is, the funds should be available for the particular programs or services necessary to meet individual needs.

In addition, like services may have differing costs because of where the services are delivered. Physical therapy costs could be higher or lower in a hospital setting as opposed to a public school facility. A number of other variables impact on the cost of service delivery. They include but are not limited to the following:

- Variations in program standards.
- Negotiated contractual agreements.
- In-service professional development.
- Number, type, and condition of facilities.
- Availability of instructional media, equipment, and materials.
- Transportation distances and arrangements.

3.2 Service Providers. Just as variations exist in the types of programs and services required to provide for individual needs, there are variations in those who may provide those services. Many states mandate human service agencies to provide education for some handicapped children within the state. Decisions regarding the service provider should not be influenced by the funding system. Flexible programming may be constrained by a funding system that does not adequately reimburse certain service providers.

Variations occur regarding the type and kind of personnel who provide services. Wide variations in costs exist across a group of specialists, i.e., special education teachers, therapists, psychologists, and psychiatrists. The degree to which aides or paraprofessionals are used affects costs. The availability or lack of qualified personnel in rural areas or for low-incidence populations may have a higher cost factor in the recruitment and hiring of personnel.

Due to the extreme variations in programs and service providers across communities, it becomes critical that the appropriate service delivery systems respond to individual needs of handicapped children. Delivery systems must be structured in order to permit almost infinite variation in type and intensity of instructional and related service alternatives. The funding system should consider variables that will permit decisions about program alternatives without significant financial disincentives entering into the decision.

3.3 Private Insurers.* Prior to the passage of P.L. 94-142, many medical and psychological services were paid by private insurance carriers. Insurance companies now refuse to pay claims for these and similar services. This refusal is based on a policy's standard governmental benefits exclusion clause. According to this clause, an insurance company is not liable for services or supplies that are or could be provided under any government program or law under which the individual is or could be covered. Attention throughout the country has focused on whether a valid obligation of liability exists on the part of an insurance company for certain evaluations, counseling, and physical and occupational therapies, among other services, that a school itself provides or contracts for when these services are included in an individual's insurance policy or contract.

Insurance companies argue that they are not responsible for augmenting an education agency's fiscal resources by paying for related services within educational settings. However, individuals with policies providing selected medical benefits are normally entitled to reimbursement for those services rendered by an authorized provider, when prescribed by a physician and when the services are billed directly to the individual or the insurance company by the eligible provider. The question remains as to whether parents with insurance coverage could be billed by the service provider and obtain payments from an insurance company for those related services covered in their policy.

P.L. 94-142 regulations--§ 121a.301(a)(b)--provide that each state may use whatever state, local, federal, and private sources of support are available to provide an appropriate education for each handicapped child at no cost to the parents. Moreover, nothing relieves an insurer or other third-party payor from a valid obligation to provide or to pay for services provided to a handicapped child. Since health insurance policy is regulated by state government, states can set policy that would determine the degree to which private insurers will be required to assume certain costs incurred in the provision of special education and related services.

*For a more detailed analysis of this issue, see Ross, John W. Third Party Payments for Related Services: Policy Issues and Implications for Handicapped Students, March 1980, available through ERIC Document Reproduction Service, P.O. Box 190, Arlington, Virginia 22210. ED 191 196

Policy Factor 4: Governance Structures

In response to public policy mandates for handicapped children, states have created policies to allow for multiple governance structures. These structures vary, affecting the cost of delivering appropriate special educational services to handicapped children.

Policy Development Variables

4.1 Type of Governance Units. While specific state policy reflects the alternative purposes and structures that may exist within a state, some common organizational units emerge. Within any given state, there are local education agencies (organized on a city, town, regional, or county basis), intermediate units (usually known as cooperatives, BOCES, or collaboratives), state-operated and -supported schools, and private schools that public agencies use on a contractual basis.

Different state policies articulate differing responsibilities for the various types of governance structures. Some intermediate units are formally or informally organized; some provide only special education; some exist only to provide administrative and personnel planning support rather than any direct services to students. Multiple types of governance units may exist within the same state. In California, operating under both the standard and master plan programs, four types of governance units are identified: (a) single district, (b) county district, (c) cooperatives, and (d) responsible local agency service regions. When a variety of service units is permitted, fiscal policies must promote decisions by local districts that will allow the appropriate decisions regarding the type of unit to be used. At the same time, any inherent fiscal advantages in the operation of a particular unit may be counterproductive to decisions about children.

4.2 Responsibility versus Authority. Delineation of these two concerns is critical to determine who has the fiscal responsibility to pay for services. In some states, districts with the authority may provide a particular program, whereas the districts with the responsibility shall provide a particular program. The potential for fiscal manipulation of programming can be decreased if responsibility and authority are clearly defined. Similarly, responsibility without authority may hinder effective programming. Written policies should articulate decision-making power and specify in writing all administrative agreements to provide services (Torres Higgins, 1977). Fiscal policies should allow flexible arrangements and provide mechanisms to reimburse costs expended.

Another consideration in decisions regarding placement and governance structures is the Phase 3 policy on placement of children in the least restrictive environment. A district may realize a financial advantage by placing a child in a program operated by a county or regional service

agency outside the home district. In this case, a disincentive to district programming may exist in the funding system and may result in a more restrictive than necessary placement. On the other hand, a funding system that provides adequate start-up costs and financial rewards for programming within the district might encourage placement in an appropriate setting. The choice of a particular governance structure should be made on the basis of meeting handicapped children's educational needs, not fiscal advantage.

4.3 Special Education and the School Budget. Several investigations have shown that a major variable in the cost of special education among districts is the degree to which general education costs are charged to special education fiscal systems. In some instances, all or a portion of general administrative costs are charged against the special education budget. Fiscal policies should state the appropriateness of these determinations rather than leaving to arbitrary decisions the amount and kind of services chargeable to a special education. Without such determination, funds thought sufficient for a child's needs may, in reality, be deficient.

Policy Factor 5: System Costs

The recognition of variations in system costs is critical to flexible programming in a state fiscal system for special education. These costs are defined as those that impact on special education primarily to the extent that special education is a part of the total education finance domain, are not controlled by special education considerations, and, in most instances, have similar significance for both special education and general education finance.

Variations in costs are tremendous. Costs for the same services vary across a state. Certain items may bear more heavily on special education budgets than on other aspects of the education system. These costs are closely tied to the intensity of the individual needs of handicapped children. In any discussion of system costs, it is difficult to isolate a particular variable that raises or lowers costs. However, three phenomena and their effects on system costs underscore the importance of considering each in relation to the flexible nature of a fiscal system.

Policy Development Variables

5.1 Geographic Location of the Education Agency. In recognizing variance of system costs, one of the most obvious distinctions occurs among rural, urban, and suburban areas. Generally, transportation costs tend to be higher in rural areas. Climate variation presents another factor. Many districts within a state vary in temperature ranges, resulting in different heating and cooling charges. Schools located in a desert area may incur higher air-conditioning costs than a similar district in a mountain region in the same state.

Personnel costs can also be expected to vary with geographic location. Teachers' salaries tend to be higher in urban areas than in rural areas. As noted, additional costs may be incurred in the recruitment and retention of qualified personnel in remote or "less desirable" areas.

These variations in system costs are not a function of geographic region alone. However, cost differentials must be considered in a state finance system. The implication for state special education fiscal policies is that allocations based on a state "average" will be inadequate for certain geographic locations (i.e., densely populated urban areas). A funding system that recognizes this with a differential approach is more likely to facilitate appropriate programming arrangements.

5.2 Price Level Variations. Geographic location contributes to variations in price levels across the country. In addition, variations in price levels affect system costs. The cost of borrowing (debt service) is a function of fluctuation in interest rates. The cost of food is constantly rising, which results in higher cost to the system for serving lunches. Price level variations in gasoline contribute to increases in the cost of transportation. Not one school district could have accurately forecast today's increase in fuel shortages and rate increases. Similarly, fuel costs to the system vary as the price of heating oil does. Variations in the cost of health insurance contribute to variations in the cost of personnel benefits to the system.

Price level variations are closely related to the rate of inflation. Many state fiscal systems are sensitive to increases in the cost of living and provide annual adjustments. Clearly, cost of living increases are necessary to maintain programs at their existing level. However, in addition to a single adjustment for the cost of living, state special education fiscal policies should consider variations in other system costs due to price level differences.

5.3 Contract Negotiations System costs vary as a result of contract negotiations. The most significant of these is personnel salaries and benefits. Frequently there is a wide variation among district salary schedules in a given state. A state finance system should be sensitive to these variations in the cost to systems for personnel salaries. This is particularly important in states where local taxing authority is restricted, since personnel costs account for a large part of a local education agency's budget. Districts are, in a sense, negatively rewarded for hiring experienced personnel, i.e., costs are higher for someone with 10 years' experience than a person with no experience.

Other negotiated items such as length of school day and year, class size, and in-service and release time for teachers present additional cost variations influencing an agency's capability to provide appropriate educational services. The costs inherent in contract negotiations to the district may vary significantly; a portion of those costs may be charged

to special education. While the impact of variations in system costs on special education funding may be negligible in some instances, consideration of them is necessary since they are part of the general finance system. The cost to the system for such services is important. A state fiscal system must include a measure of predictability, which will allow forward fiscal planning to meet the cost variations.

Policy Factor 6: Resources

When considering resource variation as a factor in a state fiscal system for special education, it is useful to classify the issues as they relate to either primary resources or secondary resources. For purposes of this report, resources are defined as the aggregate quantity of revenue-producing wealth (primary resources) that determines the fiscal capacity of an educational system to purchase personnel, services, and facilities (secondary resources).

Those issues directly related to fiscal capacity (primary resources) are variations in revenue-generating wealth and tax-levying authority of educational agencies. Secondary resources are those determined by the availability of primary resources; since their presence varies according to wealth, they exert an indirect effect on the education fiscal system. These include variations in the availability of existing community resources, e.g., private schools and personnel resources.

Policy Development Variables

6.1 Revenue-Generating Wealth. Variations in revenue-generating wealth affect any fiscal system dependent upon a revenue-generating base. Local resource capacity is not usually considered in special education finance. However, it has direct bearing on the capability of a fiscal system to provide flexible programming. A specific example of variations in revenue-generating wealth is the circumstances leading to Serrano-type decisions. Local revenue-generating wealth was, and still is, a major determinant of the quality of a child's education. Attempts at equalization of resources in many state fiscal systems have fallen short of the specific intent. Referendums constraining local taxing authority such as California's Proposition 13 and Massachusetts' Proposition 2½ certainly serve to limit the impact on variations in the revenue-generating capacity of localities. This may be characterized by a policy shift from a local fiscal base to an ever expanding state base as the primary revenue source.

6.2 Tax-Levying Authority. Certain school districts have enjoyed statutory provision for special assessments, tax overrides, or other permissive taxation not applicable or available in other districts. Tax-levying authority has typically varied among educational agencies as a matter of state policy. The presence or absence of these varying taxing authorities bears significantly on resource availability. Another example bearing directly on the fiscal system is the failure of voters

to pass bond or tax levies. The implication to state fiscal systems is significant. Deficits resulting from the loss or lack of increased local tax-levying authority create the need for additional funding from the state, particularly in light of Phase 3 policies requiring services to be provided on the basis of need, not on available resources.

6.3 Availability of Community Resources. These secondary resources can be expected to vary considerably. While strongly affected by general wealth and taxing authority, a community's support of health and social services facilities, both public and private, tends to make a major difference in the opportunities for special education populations to receive services related to or part of special education. If a clinic or rehabilitation center at which a handicapped child can receive certain services is available, this creates a major difference in the degree to which the public school may be expected to provide such services. This in turn has major implications for a state level special education fiscal system. Even where other community services are private (e.g., private schools, practitioners, human service agencies), they constitute a resource within the total service system that should be considered in determining what will be needed to provide and fund an optimal service system. State special education fiscal policies should recognize the variability of community services and not contain disincentives that might discourage the use of already existing resources.

6.4 Private Services. As set forth in state and federal policy, the use of private services may be a reasonable and sometimes necessary alternative for an educational agency to fulfill its public policy mandates on behalf of appropriate education for handicapped students. As a viable secondary resource, the use of private services directly interacts with state and local fiscal systems. Variations in availability and cost of appropriate services have been documented. A fiscal system should account for these variations in such a manner as to facilitate the use of this resource by education agencies when determined appropriate.

6.5 Personnel Resources. As noted, variations exist in the costs and availability of differing personnel required to provide special education and related services. As personnel resources are a secondary resource, the fiscal capacity or primary resources of the education agency determine when and if certain personnel can be provided. In order to assure that the quality of the child's education is not dependent upon local wealth or revenue-generating capacity but rather upon the wealth of the state, the state fiscal system must recognize and attempt to rectify these often unequal circumstances.

Policy Factor 7: Timing and Predictability

These two components play an essential role in the policy options available in the design of state fiscal policies. With the increased policy mandates

and the changed role of states, a shift of state responsibilities requires setting procedural and criteria standards, monitoring the programmatic behavior of districts, and resolving the compliance issues surrounding implementation of federal and state policies on behalf of handicapped children. Increasingly, it is incumbent upon states, as facilitators of change, to assure that the fiscal systems are inherently capable of forwarding the needed dollars to local districts in a timely and efficient manner.

Policy Development Variables

7.1 Dollar Flow. There are a number of different disbursement patterns in state dollars to local districts. The issue of concern, however, is not the merit of any disbursement pattern. Generalized fiscal difficulties result when reimbursement procedures are based on a previous year's count of the number and type of special education services delivered, rather than current services. This requires local districts to bear the financial responsibilities of the up-front costs of special education.

An alternative to facilitate implementation would be a fiscal system that could provide dollars on a forward-funded basis, rather than on an end-of-the-year basis. Perhaps another alternative exists to provide needed dollars periodically to local agencies for expenditures: quarterly payments. State fiscal policies that contain the capacity to generate a dollar flow would provide continuous incentives to local agencies to provide educational services.

7.2 Fiscal Stability. Generally states assume a higher percentage of the cost of special education than for general education. The greater the percentage that the states assume, the greater is the local dependence on these resources and the greater is the need for these resources to be provided in a predictable and stable manner. Delays or shifts from agreements have greater implications for special education than for general education. Similarly, instability of services upon which special education is dependent, such as resource centers, intermediate units, and mental health, creates instability in the special education services since other services are rarely available at budgeted costs and since failure to provide the service would constitute violation of Phase 3 policies.

7.3 Contingency Capability. It was generally assumed that budgets contained a small reserve to cover unknown contingencies. State and local budgets often contained a small dollar amount reserved for purposes either unknown or unanticipated when the budget was developed. This made a certain amount of sense, as the usual budget development season is December-February for the forthcoming fiscal year. In an era of fiscal restraint, these extra dollars are being pared to a minimum. In states with a Proposition-13-like mandate, local tax levies are often no longer available for this purpose.

The elements of timing and predictability of available dollars become critical at this juncture. States and localities are forced to guesstimate the number of students whom they will serve. Difficulty exists when budgets are generated based on predictions of who will be served versus the expenditures incurred for the actual number of handicapped children served.

Since September 1977, states and localities have geared up to meet the responsibility of appropriately serving all identified handicapped children. What has presented and will continue to pose fiscal unknowns pertains to the unpredictability of the numbers, scope, and expenses involved in educating those students requiring out-of-district placements. Fiscal data suggest that these placements (private schools, residential settings, etc.) are far more expensive than the average per-pupil expenditure or any statewide average cost figure.

Policy Factor 8: Accountability

Existing fiscal systems at the state and local levels have always contained a fiscal audit component to assure appropriate use of allocated dollars. To meet the current public policy mandates, programmatic accountability is now required by both states and localities, and such procedures have costs.

Policy Development Variables

8.1 State Education Agency Responsibilities. Phase 3 policies place responsibility for assurance of policy compliance with the state. Local school districts and other public agencies are the direct line implementors of the policies. States must gather information from local school districts and other public agencies to assess programmatically whether services are being provided appropriately and whether the system is procedurally sound. Further, states must audit to determine whether funds obligated to local schools and other agencies were expended for the purposes stated. The costs associated with these responsibilities are directly related to other variables described in this report, such as population characteristics and service delivery systems.

8.2 Local Education Agency Responsibilities. The increased demand by the state for information places substantial resource requirements on local schools. The capacity of local agencies to respond varies, as does the cost of that response. It is one thing to manage data on 10 children and another for 10,000. Rarely have such costs been considered in state special education fiscal policies.

SUMMARY OBSERVATIONS

We have identified and documented the need for policy makers to consider local special education variables in developing state special education

fiscal policies. Such policies must be based on local demographic and organizational variables in order to meet the unique educational needs of handicapped children. To date, most state fiscal policy attention has been given to developing formulas for local entitlements, with insufficient attention to considering the relationship of local special education cost variables to state special education fiscal policies.

This report has attempted to begin bridging this policy gap. But our efforts are only a beginning. It is hoped that further research and discussion will be generated and thereby enable administrators, educators, and service delivery personnel to meet the educational needs of handicapped children on a local level through the development of realistic state fiscal policies.

To encourage further research and policy development in the area of special education finance, four general, a posteriori principles are offered.

BASIC PRINCIPLES INFLUENCING THE COST OF SPECIAL EDUCATION AND RELATED SERVICES

Special education is a subsystem of a comprehensive program of state resource allocation in general and regular education in particular. Policy decisions both intrinsic and extrinsic to special education influence the cost of meeting the unique educational needs of handicapped students. The implications of this reality are becoming more apparent daily as policy makers face difficult decisions in times of limited resources and economic austerity.

To assist policy makers in their decision-making process, this compilation of principles and determinants is intended to summarize the interrelation of the policy factors and variables presented throughout this report. It indicates the intricacies involved in policy development or amendment, as well as the anticipated effects upon special education costs. The determinants have been cross-referenced to the policy development variables already described.

Principle 1: The number of children requiring similar special education and related services will influence the per capita cost of delivering such services.

Determinants:
- Population size and density (1.1 and 1.2)
- Eligibility criteria (1.4)
- Interagency shifts (1.5)
- Magnet effect (1.6)

Principle 2: The range of special education services required by exceptional children in a school district and the manner in which such services are determined and provided will influence the cost of delivering such services.

Determinants:
- Scope of services required (2.1)
- Procedural variables (2.1)
- Intensity of services required (2.2)
- Duration of services required (2.3)
- Service pattern variations (3.1)
- Service provider variations (3.2)
- Organizational patterns (4.1 and 4.2)
- Community resources (6.3)

Principle 3: Special education is a subsystem of the education system and as such its costs will be affected by education system cost variables.

Determinants:
- Management (4.1 and 4.2)
- Budget design (4.3)
- Transportation (5.1)
- Salaries and conditions (5.2 and 5.3)
- Facilities (6.3 and 6.4)
- Contingency capacity (7.3)

Principle 4: The special education costs of a school district are significantly affected by external variables beyond the direct control of the school district.

Determinants:
- Price variations (5.2)
- Wealth (6.1)
- Tax authority (6.2)
- Fiscal distribution patterns (7.1, 7.2, and 7.3)
- State and federal requirements (8.1 and 8.2)
- Private insurers (3.3)

REFERENCES

Ballard, J. Public Law 94-142 and Section 504 - Understanding what they are and are not. Reston VA: The Council for Exceptional Children, 1978.

Ballard. J., Ramirez, B. and Weintraub, F. Special education in America: Its legal and governmental foundations. Reston VA: The Council for Exceptional Children, 1982.

Bernstein, C.D., Hartman, W.T., and Marshall, R.S. Major policy issues in financing special education. Journal of Educational Finance, 1, 1976, pp. 299-316.

Brewer, G.D., and Kakalik, J.S. Handicapped children: Strategies for improving services. New York: McGraw-Hill, 1979.

Burrello, L.C., and Sage, D.D. Leadership and change in special education. Englewood Cliffs NJ: Prentice-Hall, 1979.

Education Commission of the States (Ed.). A legislator's guide to school finance. Denver: ECS, 1972.

Hartman, W. Policy effects of special education funding formulas (program report no. 80-B1). Stanford University CA: Institute for Research on Educational Finance and Governance, 1980.

Hartman, W. Estimating the costs of educating handicapped children: A resource-cost model approach. Educational Evaluation and Policy Analysis, 3, 1981, p. 4.

Jones, N.L. Judicial decisions discussing the defense of lack of funds in cases involving the education of handicapped children. Washington DC: American Law Division, Congressional Research Service, Library of Congress, May 1982.

Kakalik, J.S. Issues in the cost and finance of special education. Santa Monica CA: Rand Corporation, 1978.

Kakalik, J.S., Furry, W.S., Thomas, M.A., and Carney, M.F. The cost of special education: A Rand note. Santa Monica CA: Rand Corporation, 1981.

Kerlinger, F.N. Foundations of behavioral research. (2nd. ed.) New York: Holt, Rinehart and Winston, Inc., 1973.

Pennsylvania Association for Retarded Children v. *Commonwealth of Pennsylvania*, 334 F. Supp. 1257 (E.D. Pa. 1971).

Public Law 94-142, Rules and Regulations, Federal Register, August 23, 1977.

Reynolds, M.C., and Birch, J.W. Teaching exceptional children in all America's schools: A first course for teachers and principals. Reston VA: The Council for Exceptional Children, 1977.

Ross, J.W. Third party payments for related services: Policy issues and implications for handicapped students. Reston VA: The Council for Exceptional Children, 1980.

Serrano v. *Priest*, 5 Cal. 3d. at 587 (1971).

Torres, S. Special education administrative policies (SEAP) manual. Reston VA: The Council for Exceptional Children, 1977.

Wilken, W.H., and Porter, D. State aid for special education: Who benefits? Washington DC: National Foundation for the Improvement of Education, October 1976.